

City of Lackawanna Assessment Equity Project - 2019

Information for Property Owners

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Goal of the Project

The goal of the assessment equity project, is to establish uniform, fair and equitable assessments on all real property types!

Data Verification – 1st Step

The first step of a reassessment project is to make sure that the information, or inventory, of all properties are accurate and up to date. This includes

- Building Style
- Gross Living Area (based on exterior dimensions)
- Number of Bedrooms and Bathrooms
- Overall Condition
- Additional features, such as garages, porches, in-ground pools, etc.

Reassessment Does Not Raise Tax Levies

***** *Reassessment
provides an equitable
redistribution of the
property tax.* *****

Now we will show you how.

The Property Tax

- **It is an Ad Valorem (At Value) Tax**
- **The Tax is based on the value of real property**

Budget vs. Levy

- The taxing jurisdiction – city, county, etc. are responsible for developing and adopting a budget.
- Revenue from all sources other than the property tax is determined.
- These revenues are subtracted from the budget to arrive at the tax levy.
- **Total Cost –Other Sources of Aid=TAX LEVY-THE AMOUNT TO BE RAISED BY TAXATION**

NYS Property Tax Cap

- On June 24, 2011 the property tax cap was signed into law (see Chapter 97 of the NYS Laws of 2011).

- What is the property tax cap?

The tax cap law establishes a limit on the annual growth of property taxes levied by local governments and school districts to 2% or the rate of inflation, whichever is less.

The Job of the Assessor

- **Provide fair assessments by determining the market value of each property.**
- **Keep inventory on all properties accurate and current.**
- **Help taxpayers understand assessments.**
- **Process exemptions, such as STAR, Senior Citizens, and Veterans.**
- **Maintain all changes related to the assessment roll using computerized software.**

Equalization Rates

- **The Equalization rate is the mathematical relationship between the total assessed value of all properties in a municipality and the full market value of all properties in that municipality. The Rate is developed by the State of New York's Office of Real Property Services (ORPS) through a statistical study. It is done every year for all municipalities in the State.**
- **When a Municipality is not at 100%, it is the percentage of value you are assessed at-Very Confusing**
- **In Lackawanna, we are at 75%, which means a home assessed at \$75,000, has a Full Market Value of \$100,000. As recently as 2015, the state derived equalization rate was 100% for Lackawanna**
- **Lackawanna's Equalization Rate will be at 100% after the 2019 program**
- **Easier to understand-Your Assessed Value when it equals your Market Value?**

Assessment Equity

- **Equity with respect to assessments and real property taxes means:**
 - **Properties are assessed at a uniform percentage of value-100%**
 - **Properties with similar values pay similar taxes**
 - **Taxpayers pay their **FAIR** share**

Equity versus Inequity

- **If one property or neighborhood is significantly under-assessed, not only are they paying too little in taxes, but other property owners are subsidizing that taxpayer's or neighborhood's share of the tax bill.**

Effect of Inequitable Assessments

2015



Mrs. Smith

**Full Market Value =
\$100,000**

**Assessed Value =
\$100,000**

2015



Mrs. Jones

**Full Market Value =
\$100,000**

**Assessed Value =
\$100,000**

Effect of Inequitable Assessments

2019



Mrs. Smith

**Full Market Value =
\$300,000**

Mrs. Jones is subsidizing Mrs. Smith's taxes!

**Assessed Value =
\$100,000**

2019



Mrs. Jones

**Full Market Value =
\$150,000**

**Assessed Value =
\$100,000**

Assessments vs. Taxes

What's the difference

**YOUR ASSESSMENT COULD INCREASE
AND YOUR TAX BILL COULD DECREASE**

2018

2019

Assessment:	\$100,000	Assessment: (15% Increase)	\$115,000
Total Value of City:	\$150,000,000	Total Value of City:(17.3%Incr.)	\$175,950,000
Tax Levy:	\$9,000,000	Tax Levy:	\$9,000,000
Tax Rate:	\$60.00 per \$1,000	Tax Rate:	\$51.12 per \$1,000
Your Property Tax Bill:	\$6,000	Your Property Tax Bill:	\$5,879
		<u>(DECREASE of \$121)</u>	

Assessments vs. Taxes

What's the difference

**YOUR ASSESSMENT COULD INCREASE
AND YOUR TAX BILL COULD STAY THE SAME**

2018

2019

Assessment:	\$100,000	Assessment: (15% Increase)	\$115,000
Total Value of City:	\$150,000,000	Tot Value of City:(17.3%Incr.)	\$175,950,000
Tax Levy:	\$9,000,000	Tax Levy:(2.00% Increase)	\$9,180,000
Tax Rate:	\$60.00 per \$1,000	Tax Rate:	\$52.17 per \$1,000
Your Property Tax Bill:	\$6,000	Your Property Tax Bill: (<u>NO CHANGE</u>)	\$6,000

Assessments vs. Taxes

What's the difference

**YOUR ASSESSMENT COULD DECREASE
AND YOUR TAX BILL COULD INCREASE**

2018

2019

Assessment:	\$100,000	Assessment: (5% Decrease)	\$95,000
Tot. Value of City:	\$150,000,000	Total Value of City:(7% Decr.)	\$139,500,000
Tax Levy:	\$9,000,000	Tax Levy:(2.00% Increase)	\$9,180,000
Tax Rate:	\$60.00 per \$1,000	Tax Rate:	\$65.81 per \$1,000
Your Property Tax Bill:	\$6,000	Your Property Tax Bill:	\$6,252
		<u>(\$252 INCREASE)</u>	

Frequently Asked Questions

F.A.Q.s

What is the difference between market value and assessment of my property?

The market value of your property is generally defined as what the property would sell for under normal conditions.

The City of Lackawanna will be assessing property at full market value at the completion of the project, so your assessment should be comparable to what your property would sell for under normal market conditions.

Remember!!

- **Property Taxes** – based on assessed value
- **Market Value** is defined as – what a willing buyer will pay a willing seller in a fair and open real estate market.
- You want to **only** pay your fair share of the tax pie

How Can we Keep Assessments Fair and Equitable?

- **The way to keep assessments fair for all taxpayers is through frequent reassessments.**
- **What is a reassessment?**
 - **A systematic review of all locally assessed parcels to assure that all assessments are at a stated uniform percentage of value as of the valuation date of the assessment roll upon which the assessments appear. (Section 102, Real Property Tax Law.)**
 - **Why do we need to reassess?**

Why are Frequent Reassessments Necessary?

- 1. The real estate market is constantly changing**
- 2. Not all properties will change in value at the same rate.**

As Values change, so does your share of the Tax Levy-You only want to pay your fair share

How Is Market Value Determined?

- **The Assessor does NOT create market value**
- **Market value is determined by the interaction of buyers and sellers.**
- **The assessor monitors and analyzes real estate transactions to establish market value estimates for real property within the city.**
- **The Assessor uses comparable sales in your neighborhood that are most similar to your property and adjust for items of variance to establish market value**

What Drives Market Value?

- ***Location, Location, Location***
- **Some locations are more desirable than others.**
- **Market participants determine the neighborhoods which are in demand by paying higher prices for homes in those locations.**

What Else Drives Market Value?

- **Economic influences – Such as demand for the homes in the neighborhoods location and the supply of homes available for sale**
- **Interest rates and resulting buying power of consumers**
- **Availability of amenities and jobs**
- **Consumer desires and the quality, condition and amenities of a property**

Assessor's Job – Fair Assessments

- **Assessors have no interest to overvalue or undervalue any real property. The objective is to produce an equitable assessment roll for the fair distribution of the real property tax burden.**

The question to ask yourself . . .

- **Is the market value estimate the assessor has derived for your property a reasonable representation of what you would expect to receive for your property if it was offered for sale on the open market?**

2019 City of **Lackawanna Reassessment** **Schedule**

- Impact Notices Mailed to taxpayer – 10/2019
- Informal Hearings – Start October 2019
- Notification of Hearing Results- Nov. 15, 2019
- Tentative Assessment Roll – December 15, 2019
- Grievance Filing Period – Dec. 16 – Jan. 9, 2020
- BAR Hearing – January 14, 2020
- Final Assessment Roll – March 1, 2020
- First Tax Bills Impacted – August 1, 2020 (City & Sewer); January 15, 2021 (Erie County)

THANK YOU!!!

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